

Message Text

CONFIDENTIAL

PAGE 01 BEIRUT 01704 291309Z
ACTION IO-14

INFO OCT-01 NEA-10 ISO-00 HA-05 SS-15 AID-05 L-03
ABF-01 OMB-01 TRSE-00 EB-08 CIAE-00 INR-10
NSAE-00 PA-01 USIA-06 /080 W
-----021609 291343Z /43

R 291131Z MAR 78
FM AMEMBASSY BEIRUT
TO SECSTATE WASHDC 7325
INFO AMEMBASSY JIDDA
AMEMBASSY AMMAN
AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
AMCONSUL JERUSALEM
AMEMBASSY TEL AVIV
USMISSION USUN NEW YORK
USMISSION GENEVA
AMEMBASSY KUWAIT

C O N F I D E N T I A L BEIRUT 1704

E.O. 11652: GDS
TAGS: SREF, LE, IS, PLO
SUBJECT: UNRWA'S FINANCIAL SITUATION

1. BEGIN SUMMARY: COMMISSIONER-GENERAL MCELHINEY HAS GIVEN AMBASSADOR SUMMARY OF UNRWA'S FINANCIAL SITUATION, WHICH NOTES THAT UNRWA'S AS YET UNCOVERED FINANCIAL REQUIREMENTS FOR 1978 TOTAL \$38.4. MCELHINEY ALSO TOLD AMBASSADOR THAT U.S. INTERESTS WOULD NOT BE SERVED BY PROVIDING SPECIAL FUNDS OF CONSTRUCTION OF BISARIYAH REFUGEE CAMP. END SUMMARY.

2. BEGIN UNCLASSIFIED. COMMISSIONER-GENERAL THOMAS MCELHINEY HAS GIVEN THE AMBASSADOR SUMMARY OF UNRWA'S CURRENT FINANCIAL SITUATION. THE SUMMARY, DATED MARCH 15, 1978 WAS PREPARED BEFORE ISRAELI INVASION. IT PROVIDES BACKGROUND TO UNRWA'S CURRENT FINANCIAL PROBLEMS AND THUS TO WHY UNRWA WAS REQUIRED TO MAKE A
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BEIRUT 01704 291309Z

SPECIAL APPEAL FOR EMERGENCY ASSISTANCE TO REFUGEES FROM SOUTH LEBANON (REFTEL). MAIN POINTS OF SUMMARY ARE AS FOLLOWS:

A. "THE AGENCY'S CURRENT ESTIMATE OF EXPENDITURES REQUIRED IN 1978 TO MAINTAIN SERVICES TO PALESTINE REFUGEES AT AN ESTABLISHED LEVEL, PROVIDE SATISFACTORY FACILITIES FOR THE SERVICES AND COMPENSATES STAFF FOR COSTS OF LIVING INCREASES IS \$139.8

MILLION. PLEDGED AND EXPECTED INCOME FOR 1978 IS \$113 MILLION. THE CURRENTLY PROJECTED BUDGETED DEFICIT THIS YEAR IS THEREFORE \$26.89 MILLION.

B. "IN ADDITION, OUTSIDE THE REGULAR BUDGET, THERE IS A SHORT-FALL OF ABOUT \$3.6 MILLION IN THE INCOME REQUIRED TO FINANCE THE FIRST STAGE OF CONSTRUCTING A NEW CAMP FOR REFUGEES DISPLACED DURING THE ARMED CONFLICT IN LEBANON, AS THE AGENCY HAS BEEN REQUESTED TO DO BY THE GOVERNMENT OF LEBANON. THE COST OF THE FIRST STAGE OF CONSTRUCTION IS NOW ESTIMATED AT \$7 MILLION, OF WHICH SOME \$3.4 MILLION HAS BEEN PLEDGED. OTHER EXTRA-BUDGETARY NEEDS ARE \$3.5 MILLION TO REPLACE WORKING CAPITAL (THE EXCESS OF ASSETS -- CASH AND COMMODITIES -- OVER LIABILITIES) DRAWN DOWN IN 1977 AND A MODEST ADDITION TO WORKING CAPITAL OF \$4.5 MILLION IN 1978.

C. "IN SUM, AS OF 15 MARCH, UNRWA'S AS YET UNCOVERED FINANCIAL REQUIREMENTS FOR 1978 TOTAL \$38.4 MILLION. UNLESS ADDITIONAL SPECIAL CONTRIBUTIONS OR INCREASES IN REGULAR CONTRIBUTIONS OF AT LEAST \$26.8 MILLION ARE PLEDGED FOR 1978, THE AGENCY WILL BE UNABLE TO MEET ALL BUDGETED EXPENDITURES. AND, UNLESS, IN ADDITION TO THAT AMOUNT, \$11.6 MILLION IS ALSO PLEDGED, UNRWA WILL NOT BE ABLE TO RESPOND FULLY TO THE LEBANESE GOVERNMENT'S REQUEST TO PROVIDE HOUSING AND FACILITIES FOR DISPLACED REFUGEES, OR TO INCREASE WORKING CAPITAL TO A LEVEL SOMEWHAT ABOVE THE INADEQUATE LEVEL OF 31 DECEMBER 1976.
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BEIRUT 01704 291309Z

D. "CONFRONTED AS IT IS WITH SUCH SERIOUS FINANCIAL DIFFICULTIES, THE AGENCY HAS NO CHOICE BUT TO CONSIDER POSSIBLE REDUCTIONS IN BUDGETED EXPENDITURES...

E. "THE FUNDS AVAILABLE ARE BEING OR WILL BE ALLOCATED IN SUCH A WAY THAT THE HEALTH PROGRAMME WILL BE PRESERVED VIRTUALLY INTACT. IN THE EDUCATION AND TRAINING PROGRAMME ANY NECESSARY REDUCTIONS WILL BE LIMITED TO THE PREPARATORY CYCLE . . . IN THE RELIEF PROGRAMME REDUCTIONS WILL BE LIMITED TO CUTS IN THE FLOUR COMPONENT OF THE BASIC RATION. . . THE HIGHEST PROPORTION OF NOT YET APPROVED ITEMS IN RELATION TO THE TOTAL BUDGETED IS IN INCREASES IN STAFF COSTS. . .

D. "IMPLEMENTATION OF ONE REDUCTION HAS ALREADY BEGUN: AS OF FEBRUARY, THE FLOUR COMPONENT OF THE BASIC RATION WAS REDUCED TO TWO-THIRDS OF THE NORMAL 10 KG PER RECIPIENT PER MONTH. . . INDEED, IT WILL BE NECESSARY TO REDUCE THE FLOUR RATION STILL FURTHER IN THE LAST FEW MONTHS OF 1978 UNLESS SUFFICIENT ADDITIONAL INCOME IS PLEDGED. . . THE FLOUR RATION COULD BE INCREASED BEYOND THE TWO-THIRDS LEVEL ONLY TO THE EXTENT THAT MORE THAN \$15.5 MILLION IN ADDITIONAL INCOME WERE PLEDGED.

E. "APART FROM THE REDUCTION OF THE FLOUR RATION, THE GRAVITY OF THE AGENCY'S PRESENT FINANCIAL SITUATION WILL BE APPRECIATED WHEN IT IS REALIZED THAT NONE OF THE HIGH-PRIORITY THREE YEARS OF THE PREPARATORY CYCLE OF GENERAL EDUCATION THE AGENCY PROVIDES FOR REFUGEE CHILDREN CAN YET BE APPROVED BEYOND JULY. TO PERMIT CONTINUANCE OF THE ENTIRE PREPARATORY CYCLE OF EDUCATION IN UNRWA/ UNESCO SCHOOLS INTO THE 1978-79 SCHOOL YEAR, AT LEAST \$7.5 MILLION IN ADDITIONAL CONTRIBUTIONS WILL BE REQUIRED, MAINLY TO RETAIN IN EMPLOYMENT THE TEACHERS WHO TEACH IN THAT CYCLE. . . ADDITIONAL INCOME MUST BE PLEDGED NO LATER THAN 31 MAY IF THE AGENCY IS TO AVOID ISSUING TERMINATION NOTICES TO STAFF WITH EFFECT FROM 31 JULY." END UNCLASSIFIED

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 BEIRUT 01704 291309Z

3. BEGIN CONFIDENTIAL. AT RECENT LUNCH WITH AMBASSADOR, ALSO PRIOR TO ISRAELI ATTACK IN SOUTH LEBANON, MCELHINEY SAID THAT U.S. INTERESTS WOULD NOT BE SERVED BY PROVIDING SPECIAL FUNDS FOR CONSTRUCTION OF BISARIYAH REFUGEE CAMP, WHICH WAS AN ARAB RESPONSIBILITY. MOREOVER, HE BELIEVED IT WAS NOT CERTAIN THAT THE PALESTINIAN REFUGEES FROM DAMOUR WOULD LEAVE FOR BISARIYAH AFTER IT WAS COMPLETED. FATAH HAD PROMISED TO HELP MOVE THE REFUGEES FROM DAMOUR TO BISARIYAH, BUT MCELHINEY NOTED THAT MOST OF THESE REFUGEES WERE NOT FOLLOWERS OF FATAH BUT OF MORE LEFT-WING PALESTINIAN ORGANIZATIONS, AND FATAH'S ABILITY TO MOVE THEM TO BISARIYAH WAS PROBLEMATIC. (MCELHINEY TOLD EMBOFF ON MARCH 26 THAT AFTER THE MARCH 15 ISRAELI ATTACK THE PLO HAD MOVED MOST OF THE REFUGEES IN DAMOUR FIRST TO BAL AN NAIMAH AND THEN TO BEIRUT BECAUSE THEY FEARED DAMOUR WOULD BE ATTACKED.)

4. MCELHINEY ALSO TOLD THE AMBASSADOR THAT THERE WAS WIDESPREAD CONFUSION OVER UNRWA'S RESPONSIBILITIES, WHICH WERE ALMOST EXCLUSIVELY LIMITED TO PROVIDING HEALTH SERVICES, SCHOOLS AND RATIONS. THE RUNNING OF THE CAMPS, THE BUILDING OF STRUCTURES, AND THE PROVIDING OF MUNICIPAL SERVICES WERE ALMOST ALWAYS THE RESPONSIBILITY OF THE HOST GOVERNMENTS OR THE REFUGEES THEMSELVES. END CONFIDENTIAL

5. COMPLETE TEXT OF SUMMARY OF UNRWA'S FINANCIAL SITUATION IS BEING POUCHED TO CHESTER NORRIS, IO/DHP. PARKER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REFUGEE RESETTLEMENT, CAPITAL (FINANCE), INTERNATIONAL ORGANIZATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BEIRUT01704
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780136-0266
Format: TEL
From: BEIRUT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780316/aaaaamre.tel
Line Count: 162
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 8626febb-c288-dd11-92da-001cc4696bcc
Office: ACTION IO
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3175585
Secure: OPEN
Status: NATIVE
Subject: UNRWA'S FINANCIAL SITUATION
TAGS: SREF, LE, IS, PLO, UNRWA
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/8626febb-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014